EXPLANATORY MEMORANDUM TO

The Rates (Coronavirus) (Emergency Relief) (No. 2) Regulations (Northern Ireland) 2022

S.R. 2022 No. 81

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Finance to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under Article 31C of the Rates (Northern Ireland) Order 1977 of the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157(N.I. 28)) and is subject to the negative resolution procedure.

2. Purpose

2.1. These Regulations provide for emergency rate relief in respect of specified hereditaments.

2.2. The relief is being provided in order to provide support to businesses as a result of the threat to public health from the virus known as Coronavirus or "Severe acute respiratory syndrome coronavirus 2", which causes the disease known as "COVID-19".

2.3. Regulation 3 removes rates liability that arises for specified hereditaments between 1st May 2022 and 30th June 2022.

2.4. Regulation 4 allows for the removal of liability under regulation 3 to apply to the NAV element of a mixed hereditament that appears on the non-domestic valuation list.

2.5. Regulation 5 provides that where rates are payable by the owner rather than the occupier of a business hereditament, the reduction of rates is conditional on the owner applying the amount of the reduction for the benefit of the occupier.

2.6. Regulation 6 makes provision to ensure that any reduction to rates liability provided under these Regulations is applied after any reduction in liability provided under the Rates (Small Business Hereditament Relief) Regulations (Northern Ireland) 2010 (S.R. 2010 No. 4) as amended.

2.7. Regulation 7 permits a person, in respect of whom a reduction under regulation 3 is applied, to make application to the Department to have that reduction disregarded.

2.8. Schedule 1 to the Regulations provides for what will constitute an excepted hereditament for the purposes of the Regulations.

2.9. Schedule 2 to the Regulations outlines what will constitute the classes designated for the purposes of a specified hereditament.

3. Background

3.1. These are emergency Regulations made in tandem with the Northern Ireland Executive's wider response to COVID-19.

3.2. The provision within these Regulations utilises the £50 million of Barnett funding received by the Department from Westminster following the successful passage of the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021. The Executive agreed at the start of December 2021 to the utilisation of that additional funding for targeted rate support at the beginning of the 2022/23 rating year.

3.3. During the passage of the Non-domestic Rates Valuations (Coronavirus) Bill the Finance Minister also committed to the utilisation of those funds to assist business ratepayers in the 2022/23 year. This Statutory Rule utilises the funding to provide targeted support to business ratepayers for the second and third months of the 2022/23 rating year, subject to certain selected exclusions.

4. Consultation

4.1. These are emergency Regulations made in tandem with the most recent phase of Northern Ireland Executive's wider response to COVID-19.

5. Equality Impact

5.1. These Regulations will be applied as core feature of the taxation system in response to the need for sectoral rate relief arising from the COVID-19 pandemic.

6. Regulatory Impact

6.1. These Regulations will be applied as core feature of the taxation system, and the regulatory impact is negligible due to the automatic nature of the award mechanism.

7. Financial Implications

7.1. The measure is taken forward as part of a targeted support package which will provide in the region of £50 million of additional rate relief to business ratepayers for the start of the 2022/23 rating year.

8. Section 24 of the Northern Ireland Act 1998

8.1. There are no section 24 implications associated with this Rule.

9. EU Implications

9.1. These Regulations serve to build in a temporary time-limited reduction in the scope of the taxation system in accordance with the Northern Ireland Executive's response to the COVID-19 pandemic. The new measures are deemed to be compatible with residual EU and TCA obligations.

10. Parity or Replicatory Measure

10.1. A range of measures has been put in place in GB to reflect the circumstances facing both government and businesses as a result of the COVID-19 outbreak.

10.2. Each administration has put in place measures in line with budgetary capacity and policy requirements. The policy position in GB has been continually monitored in order to inform the policy position in Northern Ireland.

11. Additional Information

11.1. Not applicable.